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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of General Counsel Guidance on:

Issued on April 4, 2016

“Application of Fair Housing Act Standards to the Use of Criminal Records by Providers of Housing and Real Estate-Related Transactions”

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VeriScreen has been specializing in providing high quality, comprehensive background checks for affordable housing customers for over 22 years. Our business model revolves around several key principles that we have always adhered to and in light of the above listed Guidance from the Office of General Counsel, makes our service much more applicable and defensible for our customers. We have also spent thousands of hours of research on developing predictive modeling analytics concerning evictions in affordable and subsidized housing and the relationship between having a previous eviction and/or criminal activity and eventual eviction from a property. I don't see anywhere in the guidance that talks about denying someone for having a previous eviction.

VeriScreen's key business model principles include:

- 1) **Proper Identification of Applicants:** VeriScreen has developed and trademarked our **Person Search Plus™** product and process whereby we use many different databases in addition to the applicant's stated address and credit bureau name and address history to properly identify applicants. Many of these databases go back as far as 30 years. Let's face it. A lot of criminals have figured out the system. I'm assuming you don't have to produce a birth certificate when you are booked after an arrest. I assume if you don't have a driver's license they will just not book you. The record is based on what you tell them during the booking process. If I were a criminal and knew the only identifiers were name and DOB, I would probably misspell one of the two only identifiers or transpose some letters or numbers. We properly identify applicants and NEVER search on exact name and DOB. That would reduce our chances of finding all records exponentially. In addition, we have always felt that many applicants are denied housing because of records that are not theirs and do know they have remedies within the FCRA provisions. Our trademarked Person Search Plus™ product goes way behind what is normal and customary to ensure that all the records delivered properly belong to the applicant. In addition, we guarantee **NO FALSE POSITIVES** because of our experienced Research/Analysts.
- 2) **Experienced Researchers/Analysts:** VeriScreen utilizes experienced and well trained researcher/analysts to look at every single file and every single record within the file. We do not rely on a computer program to interpret the results of over 12,000 jurisdictions to automatically score an applicant and can therefore underwrite to our customers' acceptance criteria. Our experienced researcher/analysts score each file based on our customers' requirements and do not see the applicant and only base our decision on the records we find. In my opinion, this eliminates almost all discrimination liability for our customers.
- 3) **Predictive Modeling Analytics:** Our customers can feel comfortable that VeriScreen has extensively studied the predictive characteristics of applicants and can provide legal support for utilizing our trademarked Person Search Plus™ product in conjunction with a complete nationwide database of unlawful detainers that have been filed. On average we find about a 10% error rate compared to our competitors regarding prior **evictions or unlawful detainers** filed against an applicant. In my opinion, this is the least discriminatory factor and most powerful piece of information in deciding if someone is accepted or not. Our study led us to some very interesting and compelling analytics and encourage you to visit VeriScreen's ROI calculator as part of our educational website.

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- 4) **Manual Underwriting:** VeriScreen's business model is to manually underwrite files. Our products combined with our experienced researcher/analysts look at every record and can exclude charges that did not result in convictions and can exclude records from reports that are older than a specific time frame. The days of the blanket denial due to criminal records are over and have been for some time in the employment arena. Since our process finds ALL criminal records, there may be cases where someone is denied housing for habitual misdemeanors and others that are accepted for having a clean history in the recent years despite prior criminal convictions. You must see all the records to make this determination. Since all criminal records are maintained by Name and DOB ONLY, proper identification through the Person Search Plus™ tool is the key to our success in finding all the records both on the criminal and eviction side.
- 5) **Illegal Manufacture or Distribution of a Controlled Substance:** Since a housing provider will not be liable under the Act for excluding individuals because they have been convicted of one or more of the specified drug crimes, regardless of any discriminatory effect that may result from such a policy, our customers need us to do everything we can to find those records. Once again, our comprehensive Person Search Plus™ product and experienced RAs will find and deliver all the records. You can be assured that if one of these CONVICTIONS are out there, VeriScreen will find it.

We have been providing high quality, comprehensive background checks for many years and sometimes it gets frustrating when other providers win the business because of a number of reasons EXCLUDING providing all the records to customers. In EVERY side-by-side screening test VeriScreen has conducted, we have delivered more records in less time - especially prior EVICTIONS. As a result, our valued customers get the reputation of being the safest in a community and typically get first crack at well qualified candidates. The bottom line is that VeriScreen's customers not only get a substantially higher ROI but achieve the best reputation in the community.

Like most of you, I have been waiting and anticipating for HUD to offer guidance on Disparate Treatment Methods when using criminal data to justify adverse housing action. I feel you can only be compliant if you are confident your provider is finding all the records and using skilled researcher/analysts to manually underwrite a file. I encourage you to review your current criteria and see if it is going to comply with HUD's guidelines. If you are a current VeriScreen customer, please contact us if you need any adjustments to our underwriting. If you are not a current VeriScreen customer, may I suggest that now would be a good time to schedule an educational webinar with our team as well as a complimentary side-by-side test for your organization.

Sincerely,



Mark Harmon  
President/CEO  
VeriScreen